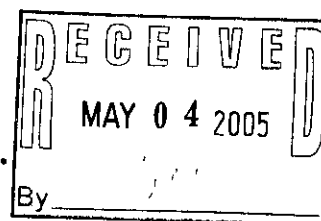


EDUCATION & RESOURCES GROUP, Inc.
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Jennifer J. Johnson
Secretary, Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington DC 20551

RE: Docket No. R-1225

Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th St. NW 20429
RE: RIN 3064-AC89

Attention: Comments

Office of the Comptroller of the Currency
250 E St. SW, Mail Stop 1-5
Washington 20219

RE: Docket Number 05-04

Re: Please do not weaken the Community Reinvestment Act

Dear Sir/Madam,

Many people from all communities, including thoughtful lenders and regulators, worked hard to get Congress to pass the Home Mortgage and Disclosure Act (HMDA) and the Community Reinvestment Act (CRA).

Federal CRA has superseded laws and regulations in many states where it was the will of the legislatures of those states to hold lenders accountable for where and to whom they lent.

It is therefore all the more important that we "get it right" in the ways that CRA is implemented and enforced.

CRA imposes an affirmative and continual obligation on banks and thrifts to meet the needs of the local communities in which they are chartered.

CRA has been instrumental in fighting discrimination and redlining against minority and working class communities.

CRA has leveraged more than \$4 trillion in loans and investments for low- and moderate-income communities according to the National Community Reinvestment Coalition.

Major studies, including those conducted by the United States Treasury Department, the Federal Reserve Board, and Harvard University, have found that CRA increases home

mortgage lending to minority and low- and moderate-income communities and that this lending is profitable.

CRA has leveraged a tremendous increase in home mortgage lending to minority and low- and moderate-income borrowers as compared to whites and middle-income borrowers. From 1993 through 2002, home mortgage lending has increased, 79.5% to Blacks, 185.8% to Hispanics, 29.6% to whites, 90.6% to low and moderate-income borrowers, and 51.4% to middle-income borrowers.

CRA is indispensable in ensuring that banks and thrifts make branches and affordable checking accounts and banking services available to minority and working class communities. If banks retreat from these communities, the number of high cost payday lenders, check cashers, and predatory mortgage lenders will only increase.

CRA reduces the risk of individual lending institutions by requiring that all lenders covered by CRA lend on a basis that does not unfairly discriminate by neighborhood or by borrower.

The institutions you regulate all benefit from federal deposit insurance that allows all of us to place our funds safely in the hands of these lenders.

It is the charters that you provide which allow lenders to make the profits that many of them are reaping.

It is not too much to ask, given all the discrimination that lenders have shown over decades, nationwide, that they all prove that they are lending to all who apply and can demonstrate the will and ability to repay.

There are abuses which need to be uncovered and penalized, with restitution to borrowers, as was recognized by OCC in its \$300 million settlement with Provident National Bank in 2000. State attorneys general settled for \$484 million with Household International, which negotiated an additional \$72 million with ACORN, also in 2000. In 2002 the Federal Trade Commission negotiated a \$215 million settlement with Citigroup for deceptive and abusive practices by its subsidiary, The Associates. These are just some of the major problems that have been recently detected and adjudicated. They prove that lenders need to be more closely monitored, not less.

The share of mortgage loans subject to intensive review under the CRA dropped from 36.1% to 29.5% between 1993 and 2000.

CRA needs to be expanded to include those lenders whose activities are not regulated by CRA in order to stop the exploitative practices that suck equity out of neighborhoods whose homeowners are taken advantage of.

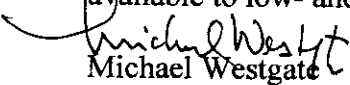
The regulators need to stop trying to preempt state bans on predatory loans, such as that of North Carolina, which has been proven to help solve the problem.

There is now a "redlining in reverse", which needs to be addressed by the regulators.

While the Bush Administration affirms the importance of an "ownership society" and has set a goal of 5.5 million new minority homeowners by 2010, regulatory officials appointed by the Bush Administration are proposing to weaken CRA, one of the most important tools to increase homeownership responsibly. By doing so they are setting up many of the 5.5 million new homeowners for failure.

The principle sources for this letter are the National Community Reinvestment Coalition and an article by Gregory D. Squires in *SHELTERFORCE*, January-February 2005, "Predatory Lending—Redlining in Reverse".

For all of these reasons, the Education & Resources Group, Inc. joins the many cities and states and other organizations which oppose proposals by the federal bank and thrift regulatory agencies to weaken CRA exams and regulations ensuring that banks abide by their obligations and make loans, investments, branches, and basic banking accounts available to low- and moderate-income communities.


Michael Westgate
President

cc: NCRC
Gregory D. Squires